

## Message Text

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ACTION EB-07

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REF: PORT AU PRINCE A-59, APRIL 27, 1975

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SUBJ: HAITIAN CLIMATE FOR MINERALS INVESTMENT

REF: PORT AU PRINCE A-59 APRIL 27, 1975

1. SUMMARY: RECENT DEVELOPMENTS IN MINERAL FIELD AUGUR WELL FOR A MORE RATIONAL AND FORTHCOMING ATTITUDE ON PART OF GOH TOWARD MINERAL DEVELOPMENT. THESE DEVELOPMENTS INCLUDE THE FOUNDATION OF THE NATIONAL INSTITUTE OF MINERALS RESOURCES, A DEMONSTRATION OF DIRECT PRESIDENTIAL INTEREST AND SUPPORT IN THE INSTITUTE, AND THE ASSIGNMENT OF BUSINESS-ORIENTED HENRI BAYARD AS COORDINATOR OF THE INSTITUTE. END SUMMARY.

2. THE HAITIAN NATIONAL INSTITUTE OF MINERALS RESOURCES (REF AIRGRAM) WAS OFFICIALLY INAUGURATED ON JULY 2, IN THE PERSONAL PRESENCE OF PRESIDENT DUVALIER. HE EMPHASIZED THE IMPORTANCE THE REGIME PLACES ON DEVELOPMENT OF MINERAL RESOURCES, THE KEY ROLE THE INSTITUTE WILL PLAY IN PLANNING THIS DEVELOPMENT, AND LIMITED OFFICIAL USE

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HIS OWN CONFIDENCE IN THE NEW COORDINATOR HENRI BAYARD (ALSO

UNDER SECRETARY OF COMMERCE AND INDUSTRY).

3. COORDINATOR BAYARD, BOTH IN HIS OFFICIAL OPENING SPEECH AND IN LATER CONVERSATIONS WITH EMBOFF, STRESSED THE PRIMACY OF THE NEW INSTITUTE IN THE MINERALS FIELD AND THE IMPORTANCE WHICH FOREIGN INVESTMENT WILL PLAY. IN HIS SPEECH, BAYARD REFERRED TO HAITI'S TRADITIONAL POLICIES ON SOVEREIGNTY AS BEING IN ACCORD WITH THIRD WORLD VIEWS ON RATIONA AND JUST EXPLOITATION OF NON-RENEWABLE RESOURCES AND ON THE FOUNDING OF A NEW ECONOMIC ORDER. HE WENT ON TO SAY: QUOTE ALTHOUGH HAITI REFUSES TO ENGAGE IN POLITICAL/ECONOMIC DEMOAGOGY, SHE KNOW AT THE SAME TIME HOW TO PROVIDE AN EXAMPLE OF FIRMNESS IN DIALOGUE AND AGREEMENTS WITH THE POWERFUL, INTERNATIONAL COMPANIES WHO ARE HERE FUTURE EVENTUAL PARTNERS. UNQUOTE LATER, IN CONVERSATIONS WITH EMBECONOFF, BAYARD REITERATED THE IMPORTANCE OF DEVELOPING GOOD CONTRACTS WITH FOREIGN COMPANIES, A GOAL WHICH HE DEEMS ESSENTIAL BOTH TO SUPPORT HAITIAN ECONOMIC DEVELOPMENT AND TO RESTORE THE HAITIAN IMAGE IN EYES OF FOREIGN INVESTORS AND BANKERS. HE ALSO NOTED THAT THE INSTITUTE IS CONSIDERING PROPOSING CHANGES IN THE RECENTLY-PROMULGATED MINERAL LAW TO TAKE INTO CONSIDERATION SOME OF THE PROBLEMS WHICH HAVE BEEN NOTED BY BOTH THE UN AND BY PROSPECTIVE INVESTORS.

4. THE NEW INSTITUTE AND ITS COORDINATOR HAVE HAD FIRST TO CONCENTRATE ON PREPARING FOR NEGOTIATIONS WITH REYNOLDS WHICH BEGAN ON JULY 21. THE NEXT STEP IS TO REGULARIZE THE PROPOSED CONCESSION CONTRACTS WITH PENNAROYA OR KENNECOTT OR BOTH FOR THE AREAS NOT COVERED BY UN EXPLORATION CONTRACT. DISCUSSIONS HAVE ALREADY BEEN INITIATED WITH BOTH GROUPS. CONCESSIONS IN OTHER AREAS OF THE COUNTRY WILL FOLLOW AFTER COMPLETION OF UN SURVEY. BAYARDS PRELIMINARY VIEWS ARE THAT A CONSORTIUM APPROACH TO DEVELOPMENT OF DEPOSITS WOULD NOT BE IN THE INTEREST OF HAITI. IF DEPOSITS ARE LARGE ENOUGH, HE WOULD PREFER TO NEGOTIATE CONTRACTS WITH SEVERAL FIRMS, OTHERWISE, FIRMS SHOULD COMPETE FOR A CONCESSION. (NOTE: BAYARD ALSO STATE THAT THE U.S. CONSULTING ENGINEERING FIRM, GANNETT, FLEMING CARDDRY AND CARPENTER, WHICH IS REPORTEDLY GOING TO VARIOUS U.S. MINING COMPANIES IN AN EFFORT TO FORM A CONSORTIUM FOR THE DEVELOPMENT OF HAITIAN MINERAL RESOURCES, HAD NOT BEEN REQUESTED BY THE GOH TO TAKE SUCH ACTION AND, IN FACT, HAD NEVER TALKED WITH BAYARD OR ANYONE AT THE INSTITUTE.)

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5. COMMENT: THE ESTABLISHMENT OF THE NEW INSITITUE AND ASSIGNMENT OF BAYARD AS COORDINATOR ARE HOPEFUL SIGNS FOR THE FUTURE OF HAITIAN MINERAL POLICY. IT ESTABLISHES ONE CENTER, CLOSE TO THE PRESIDENT, WITH RESPONSIBILITY OF POLICY, THUS ELIMINATING SOME OF THE COMPETITION BETWEEN DEPARTMENTS AND SHARP SHIFTS WHICH HAVE CHARACTERIZED POLICY OVER THE PAST YEAR. BAYARD, THOUGH CERTAINLY NO EXPERT IN THE MINERALS FIELD, DOES HAVE ACCESS TO

THE PRESIDENT AND IS A BUSINESSMAN WITH SOME IDEA OF THE ATTITUDES  
AND NEEDS OF FOREIGN INVESTORS. ALTHOUGH NOT AN EXPERT NEGOTIATOR,  
HE SEEMS TO BE IMPROVING AND IS NEITHER XENOPHOBIC OR ANTI-  
CAPITALIST. IN EMBASSY VIEW, HE WOULD BE INCLINED FAVOR U.S.  
COMPANIES FOR CONCESSION CONTRACTS, PROVIDED OFFERS FOR DEVELO-  
MENT WERE ROUGHLY EQUIVALENT TO THOSE OF COMPETING CANADIAN  
OR FRENCH COMPANIES.

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